

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 301703Z JAN 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 7232

C O N F I D E N T I A L ATHENS 836

EXDIS

EO 11652: GDS

TAGS: EFIN GR

SUBJECT: POSSIBLE ECONOMIC ASSISTANCE TO GREECE

REF: (A) STATE 18393; (B) ATHENS 526; (C) STATE 12819

1. AMB KUBISCH WITH EMBASSY ECON OFFICERS CALLED ON MINISTER COORDINATION AND PLANNING PAPALIGOURAS JAN 30 TO DISCUSS CONTENTS REF A. PAPALIGOURAS, WHO HAS JUST RETURNED TO THE OFFICE AFTER A TWELVE DAY ABSENCE DUE TO ILLNESS, OPENED THE MEETING WITH AN APOLOGY FOR THE CORFU INCIDENT, DRAWING ATTENTION TO GOG STATEMENT CHARACTERIZING IT AS HARMFULL TO GREEK INTERESTS. HE ALSO NOTED THAT SUCH INCIDENTS WOULD UNDOUBTEDLY HAVE DISCOURAGING EFFECT AMONG POTENTIAL TOURISTS TO GREECE.

2. AMBASSADOR FOCUSED ON SUBSTANCE OF CALL BY REFERRING TO PAST DISCUSSIONS ON ASSISTANCE ISSUE, AND REITERATED DEVELOPMENTS OUTLINED PARA 3 REF C REGARDING NATIONAL ADVISORY COUNCIL, EXIM AND CCC. HE EMPHASIZED US DESIRE TO EXPEDITE CONSULTATION PROCESS WITH AIM OF ACHIEVING GOG GOAL OF MID-MARCH DECISION ON ASSISTANCE ISSUE. IN THIS CONTEXT HE INFORMED PAPALIGOURAS THAT DEPT HAD PROVIDED COMPREHENSIVE LIST OF QUESTION (REF A), AND THAT GOG REPLY COULD PERHAPS SERVE TO TELESCOPE THE FOUR STEP APPROACH ORIGINALLY SUGGESTED BY PAPALIGOURAS. AMBASSADOR STRESSED THAT WE EXPECT ANSWERS ONLY TO EXTENT INFORMATION IS READILY AVAILABLE.

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3. PAPALIGOURAS, AFTER BRIEF PERUSAL OF QUESTIONS, COMMENTED

THAT HE WOULD PROVIDE AS FRANK AND COMPLETE A REPLY AS POSSIBLE IN A SHORT PERIOD OF TIME. HE NOTED THAT INFORMATION WOULD, OF COURSE, BE PROVIDED ON A MOST CONFIDENTIAL BASIS. HE COMMENTED IN PASSING, WITH RESPECT TO QUESTION 7(F) REF A, THAT IMF EXPERT ARRIVED LAST WEEK TO CONFER WITH GOG GROUP WORKING ON QUESTION OF METHOD OF VALUATION OF DRACHMA.

4. IN BRIEF DISCUSSION ON MODALITIES OF POSSIBLE ASSISTANCE, PAPALIGOURAS FOCUSED HIS ATTENTION ALMOST EXCLUSIVELY ON RESCHEDULING OF DEBT ACCRUING FROM MILITARY PURCHASES, WHICH HE TERMED THE MOST IMPORTANT FORM OF ECONOMIC AID WHICH US COULD EXTEND TO GREECE AT THE PRESENT TIME. HE CONFESSED THAT HE HAD NOT YET IMMERSSED HIMSELF IN DETAILS OF ASSISTANCE QUESTION, BUT THAT HE INTENDED TO START NEXT WEEK. BANK OF GREECE AND FINANCE MINISTRY OFFICIALS WERE ALREADY CONCENTRATING ON QUESTION. HE SUGGESTED THAT IT WOULD BE HELPFUL IF AMBASSADOR WOULD FACILITATE DISCUSSIONS OF MILITARY DEBT BY GREEK TEAM WITH JUSMAGG, ADDING THAT HE BELIEVED "US OFFICERS KNOW BETTER THAN GREEK GENERALS" WHAT DEBT SITUATION IS. AMBASSADOR REPLIED THAT EMBASSY WOULD BE HELPFUL IN ANY WAY IT COULD T ASSIST GOG ON THIS, OR OTHER ASPECTS, OF ASSISTANCE QUESTION.

5. AS DISCUSSION OWAS CONCLUDING, PAPALIGOURAS RECEIVED CALL FROM PM, WHICH TRIGGERED A MISCELLANY OF OBSERVATIONS REPRETED SEPTTEL.

6. THIS TELEGRAM MARKED EXDIS DUE TO DISTRIBUTION OF REFTELS. IF DEPT WISHES CHANGE DISTRIBUTION TO LIMDIS, EMBASSY WOULD HAVE NO OBJECTION.

7. COMMENT: PAPALIGOURAS' CONCENTRATION ON EXTENSION OF MILITARY DEBT SCHEDULE SHOULD NOT BE TAKEN AS GOG'S ONLY ASSISTANCE INTEREST. RATHER IT REFLECTS FACT THAT PAPALIGOURAS HAD NOT YET HAD TIME TO CONSIDER INTEGRATED PACKAGE OF ASSISTANCE WHICH WE BELIEVE HE WILL UNDOUBTEDLY FEEL NECESSARY OR DESIRABLE WHEN OUR BILATERAL DISCUSSIONS ON THIS MATTER HAVE PROGRESSED.
KUBISCH

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